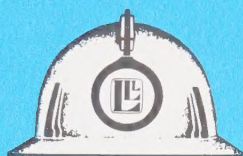


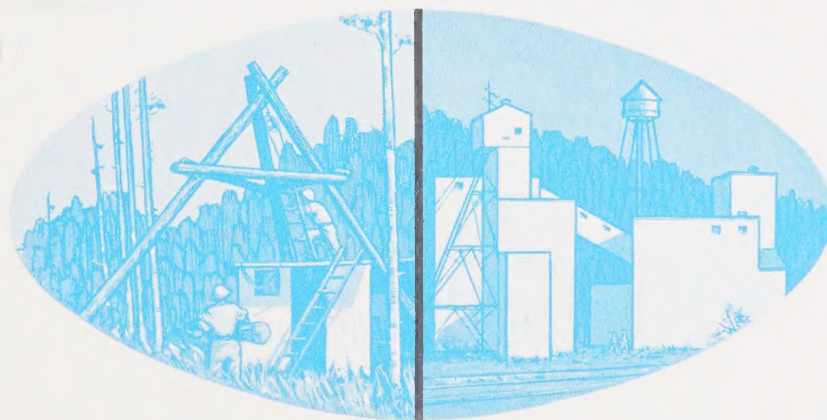
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LUN-ECHO GOLD MINES LIMITED

ASSOCIATE



LITTLE LONG LAC GOLD MINES LIMITED



ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1966



This symbol has been selected to represent Canada's Centennial of Confederation in 1967—literally Canada's National 100th birthday symbol. This is an ingenious design of eleven equilateral triangles arranged together into a symbolic Maple Leaf, representing the ten provinces and the Canadian Northern Territories.

L U N - E C H O G O L D M I N E S L I M I T E D

HEAD OFFICE:

Suite 400, 112 King Street West, Toronto, Ont.

OFFICERS

R. C. STANLEY, JR.	- - - - -	President
P. K. HANLEY	- - - - -	Vice-President
R. S. HAFLIDSON	- - - - -	Vice-President
MISS B. A. ARGO	- - - - -	Secretary
D. M. LORIMER	- - - - -	Comptroller

DIRECTORS

JOHN C. L. ALLEN	PETER A. ALLEN, P.Eng.
B. A. ARGO	J. D. BRYCE, P.Eng.
D. M. GIACHINO, P.Eng.	P. K. HANLEY
ROBERT C STANLEY, JR.	

TRANSFER AGENTS


EASTERN & CHARTERED TRUST COMPANY,
1901 Yonge Street,
Toronto, Ontario.

AUDITORS

GUNN, ROBERTS AND CO.,
Toronto, Ontario.

SOLICITORS

ROBERTS, ARCHIBALD, SEAGRAM & COLE,
320 Bay Street,
Toronto, Ontario.



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Report of the Directors

TO THE SHAREHOLDERS:

Your Directors are pleased to submit the Annual Report for the year ended December 31st, 1966 together with the Financial Statements and the Auditors' Report thereon.

This year, the Report of WILLECHO MINES LIMITED in which your Company retains a fifty percent interest, is not published herein. Instead, the full Willecho Report, including the Report of the Mine Manager and Financial Statements is being mailed to Lun-Echo shareholders under separate cover. We think that you will find the Report pleasing. In the meantime, the following resume is given:—

Production from Willecho in 1966, its second tax free year, showed much improvement over 1965. A greater tonnage of ore was milled, revenue per ton was higher, operating costs were lowered and ore reserves increased. As a result, operating profits were doubled and the loan to Willroy reduced by \$926,429 to \$1,558,899. Comparative figures are:

	1966	1965
Tons Milled	325,738	283,259
Net Smelter Return	\$10.53 per ton	\$9.31 per ton
Operating Costs	6.32 per ton	6.73 per ton
Ore reserves	2,280,000 tons	1,782,000 tons
Operating Profit	\$1,292,138	\$ 676,000
Loan reduction	\$ 926,429	\$ 161,322

**LUN - ECHO
GOLD MINES
LIMITED**

DORAN LAKE:

The Doran Lake iron deposits in the Lake St. Joseph Area, Ontario, in which your Company shares an equal interest with Belcher Mining Corporation Limited ($48\frac{1}{2}\%$ each and up from $42\frac{1}{2}\%$ each in 1965) are becoming more important as activity in the general area increases and as the target date for production in 1968 draws closer at the nearby Bruce Lake iron deposits. This undoubtedly enhances the production chances for Doran Lake which is somewhat closer to the main railway line than Bruce Lake.

Several property situations were reviewed during the year but not deemed to be of sufficient merit to warrant further exploration or development. Your Company will continue the search for gold or base metal deposits during 1967.

Respectfully submitted on behalf of the Board,

ROBERT C. STANLEY, Jr.,
President.

March 30, 1967.

LUN-ECHO GOLD MINES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Lun-Echo Gold Mines Limited as at December 31, 1966 and the statements of income and deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the company as at December 31, 1966 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GUNN, ROBERTS and CO.,

Chartered Accountants.

Toronto, Canada,

March 3, 1967.

**LUN - ECHO
GOLD MINES
L I M I T E D**

(Incorporated under the laws of Ontario)

Balance Sheet -

ASSETS

		1965 for Comparison
CURRENT ASSETS		
Cash	\$ 2,071	\$ 3,485
Due from an associated company	164	297
	<u>2,235</u>	<u>3,782</u>
 SHARES IN ASSOCIATED AND OTHER COMPANIES		
Associated companies		
Listed at cost less allowance for decline in value of \$50,000 in each year (quoted market value 1966 \$920,000; 1965 \$907,600)	914,182	953,342
Other at cost less allowance for decline in value of \$25,000 in each year	121	121
Shares in Willecho Mines Limited — 50% interest at cost (note 1)	458,128	458,128
	<u>1,372,431</u>	<u>1,411,591</u>
Other companies at nominal value	3	3
	<u>1,372,434</u>	<u>1,411,594</u>
 OTHER ASSETS		
Patented mining claims in Echo and Pickerel Townships, Ontario, at nominal value	1	1
Interest in patented mining claims, Doran Lake, Ontario at cost	2,000	
Deferred exploration expenditures, Doran Lake, Ontario claims in which the company has an interest of 48½% (1965 — 42½%)	8,672	8,672
	<u>10,673</u>	<u>8,673</u>
	<u>\$1,385,342</u>	<u>\$1,424,049</u>

L U N - E C H O G O L D M I N E S L I M I T E D

ember 31, 1966

LIABILITIES

CURRENT LIABILITIES		1965 for Comparison
Accounts payable	\$ 5,171	\$ 1,044
Payable to broker for securities purchased (secured)	146,775	112,996
	<u>151,946</u>	<u>114,040</u>

SHAREHOLDERS' EQUITY

Capital stock (note 2)		
Authorized — 5,000,000 shares of \$1 each		
Issued — 4,750,005 shares	4,750,005	4,750,005
Less discount on shares	2,835,000	2,835,000
	<u>1,915,005</u>	<u>1,915,005</u>
Deduct deficit	681,609	604,996
	<u>1,233,396</u>	<u>1,310,009</u>

Approved on behalf of the Board:

R. C. STANLEY, JR., Director.

P. K. HANLEY, Director.

<u>\$1,385,342</u>	<u>\$1,424,049</u>
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L U N - E C H O G O L D M I N E S L I M I T E D

Statement of Income and Deficit

Year ended December 31, 1966

		1965 for Comparison
REVENUE		
Dividends received	\$ 72	nil
EXPENSES		
Administrative and corporate expenses		
Management, engineering, accounting and secretarial services	4,000	\$ 3,083
Reports and meetings and shareholders' information	1,554	2,255
Legal and audit	1,547	1,187
Share transfer expenses	950	850
Mining claim licenses and taxes	49	(77)
Sundry	168	360
	8,268	7,658
Interest expense	6,935	5,193
Exploration		999
	15,203	13,850
Loss for the year before the undernoted items	15,131	13,850
(Loss) gain on investments sold	(61,482)	3,582
Loss for the year	76,613	10,268
Deficit at beginning of year	604,996	594,728
Deficit at end of year	\$ 681,609	\$ 604,996

L U N • E C H O G O L D M I N E S L I M I T E D

Statement of Source and Application of Funds

Year ended December 31, 1966

SOURCE OF FUNDS		1965 for Comparison
Proceeds of sale of investments	\$ 82,681	\$ 81,424
APPLICATION OF FUNDS		
Loss for the year	76,613	10,268
(Loss) gain on investments sold	(61,482)	3,582
	15,131	13,850
Investment in associated companies	105,003	143,207
Purchase of mining claims	2,000	
	122,134	157,057
Increase in working capital deficiency	39,453	75,633
Working capital deficiency at beginning of year	110,258	34,625
Working capital deficiency at end of year	\$ 149,711	\$ 110,258

Notes to Financial Statements

December 31, 1966

1. The company's proportion of the profit of Willecho Mines Limited (50% owned) for 1966, and not taken into the company's accounts, amounted to \$417,000 and the company's proportion of the undistributed profits earned since acquisition of the shares, and not taken into the company's accounts, amounted to \$555,000.
2. The company has granted options to certain employees on 222,000 shares of its capital stock at 80¢ per share exercisable over a period of years ending December 31, 1970. In addition, options have been authorized to employees to be named by the president on 18,000 shares on the same terms as the foregoing.

